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FOR IMMEDIATE RELEASE

Terry Goddard Warns Consumers About Get-Rich-Quick "Opportunities"

(Phoenix, Ariz. – May 4, 2006) Attorney General Terry Goddard is warning consumers that "Business Opportunity" scams are on the rise in Arizona. An increasing number of ads in the media and on the Internet make claims that you can quit your job, be your own boss and bring in an executive salary.

The reality is that most people who respond to those ads will spend a considerable amount of money attempting to launch the business, and few will make significant profits.

"Common sense tells you that most of these 'opportunities' are greatly exaggerated, and yet more complaints about business opportunity scams have been coming into the Attorney General's Office," Goddard said. "The problem is that people won't find out the opportunity is a scam until after they have spent their own money and realize they won't turn a profit."

Many of these scams involve multi-level marketing companies that frequently use the Internet to lure consumers into joining their programs. The businesses claim they are marketing a product when they actually are marketing a business opportunity where the earnings are based on the number of people a participant recruits into the program. These companies set up elaborate compensation plans, tempting prospective participants with promises that they will have their own business, establish their own work hours, and earn enough money to purchase a new car or boat, pay for their children's education or take luxurious vacations.

A common component of this scam is the "upsell." When consumers tell the company they are not making any money, they are told they need to invest more money in the business. Scam artists then get even more dollars from consumers.

The Federal Trade Commission recently proposed a new rule to better protect consumers targeted by work-at-home scams. The rule would require any company promising earnings with its business opportunities to provide documented proof of its claims. Currently, the FTC reviews opportunities that require a minimum investment of \$500. The proposed rule would remove the minimum amount requirement and allow more work-at-home offers to be reviewed by the FTC.

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Consumers can protect themselves by asking a few questions:

- Can the seller provide evidence that most of the current participants actually earn the income promised by the seller?
- What is the total cost of the work-at-home program, including supplies, equipment and membership fees?
- Will I be paid a salary or will my pay be based on commission?
- Who will pay me?
- When will I get my first paycheck?
- Remember, if it sounds too good to be true, it probably is.

If you are thinking about becoming involved in a business opportunity of any kind, make sure:

- The opportunity is genuine and the business can be validated.
- You meet personally with representatives of the company, view the physical location of the company and verify the actual earning potential.
- You determine how many individuals are participating in the program and the average amount of money made by each person.
- Finally, if you do decide to try your luck, never invest more than you can afford to lose.

If you believe you have been a victim of fraud, please contact the Arizona Attorney General's Office at 602.542.5763 in Phoenix, 520.628.6504 in Tucson, or 1.800.352.8431 outside the metro areas. If you would like to file a complaint in person, the Attorney General's Office has 21 satellite offices throughout Arizona with volunteers available to help. Locations and hours of operation are posted on the Attorney General's Web site at www.azag.gov.

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